

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 PM-05 H-02 INR-07 L-03
PA-02 PRS-01 SP-02 SS-15 AID-05 COME-00 EB-08
FRB-01 TRSE-00 XMB-04 OPIC-06 LAB-04 SIL-01
OMB-01 STR-05 CEA-01 AGRE-00 STRE-00 /086 W
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 3604

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PASS SECRETARY KREPS, SECRETARY BLUMENTHAL, STR STRAUSS

E.O. 11652: N/A

TAGS: BEXP, ETRD, JJA, US

SUBJECT: TRADE FACILITATION COMMITTEE: MITI HOLDS "BIG TABLE"
MEETING WITH MAJOR TRADING COMPANIES WITH MIXED RESULTS

REF: TOKYO 18928

1. SUMMARY: "BIG TABLE" MEETING AT MITI WITH CHIEF
EXECUTIVES OF MAJOR JAPANESE TRADING COMPANIES, AIMED AT
ENCOURAGING GREATER IMPORTS OF MANUFACTURED PRODUCTS, WAS
SUCCESSFUL IN CONVEYING IMPORTANCE WHICH GOJ ATTACHES TO
THIS SUBJECT. IT WAS LESS SUCCESSFUL, HOWEVER, IN
ELICITING STRONG ASSURANCES FROM COMPANY EXECUTIVES
WHO MAINTAINED THEIR FIRMS HAVE ATTEMPTED TO IMPORT MORE
U.S. PRODUCTS BUT HAVE FOUND THEM WANTING IN ADAPTABILITY
TO THE JAPANESE MARKET. THEY BELIEVED MORE BENEFITS
COULD BE ACHIEVED BY (A) U.S. EXPORTERS "TRYING HARDER"
AND (B) SUBSTANTIAL GROWTH IN THE JAPANESE ECONOMY.
NEVERTHELESS, HAVING GIVEN THE GENERAL "ADMINISTRATIVE
GUIDANCE" TO THE HEADS OF KEY TRADING COMPANIES, MITI
INTENDS TO FOLLOW UP WITH CONTACTS WITH OPERATING
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OFFICIALS OF THESE FIRMS. END SUMMARY.

2. THE MEETING PROMISED BY MITI WITH MAJOR JAPANESE
TRADING COMPANIES SEE REFTEL, IN AN EFFORT TO INDUCE
INCREASED IMPORTS OF MANUFACTURED GOODS, WAS HELD
AROUND MITI'S "BIG TABLE" (TO USE TERM ATTRIBUTED
TO SECRETARY BLUMENTHAL) ON DECEMBER 15. IT WAS BILLED

BY HANAOKA, JAPANESE CO-CHAIRMAN OF THE TOKYO GROUP OF THE JOINT U.S.-JAPAN TRADE FACILITATION COMMITTEE (TFC), AS A "CONSULTATIVE MEETING" WITH THE TFC, SINCE E/C MIN BUTTON, U.S. TOKYO GROUP CO-CHAIRMAN, WAS ALSO PRESENT.

3. IN ATTENDANCE WERE THE BOARD CHAIRMEN OR PRESIDENTS OF NINE JAPANESE TRADING COMPANIES: MITSUI, MITSUBISHI, MARUBENI, C. ITOH, SUMITOMO, NISSHO-IWAI, KANEMATSU-GOSHO, TOMEN, AND NICHIMEN.

4. WITH HANAOKA ACTING AS MODERATOR, MAIN MITI SPLKESMAN WAS THE DIRECTOR-GENERAL OF THE INTERNATIONAL TRADE ADMINISTRATION BUREAU (NISHIYAMA), WHO IS THE JAPANESE MEMBER OF THE TFC SENIOR-LEVEL REVIEW COMMITTEE. THE TRADING COMPANY EXECUTIVES WERE PROVIDED WITH WRITTEN MATERIAL ON THE TFC, WITH HANAOKA INDICATING THAT THE SESSION WAS FOR THE PURPOSE OF OBTAINING "YOUR COOPERATION AND YOU ADVISE."

5. NISHIYAMA NOTED THAT THE MOST CRITICAL ISSUE WAS JAPAN'S CURRENT ACCOUNT SURPLUS, WHICH SHOULD BE ADDRESSED NOT BY RESTRICTING EXPORTS BUT BY INCREASING IMPORTS. HE ADDED, HOWEVER, THAT THIS SHOULD BE VIEWED ON A GLOBAL BASIS, SINCE THE EUROPEAN COMMUNITY MUST BE CONSIDERED ALSO. HE THEN OUTLINED THE POINTS IN
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THE USHIBA "EXTERNAL" PACKAGE, AND SAID THAT A DETERMINATION ON THE GOJ'S INTERNAL ECONOMIC MEASURES FOR JFY 1978 WILL BE MADE IN A FEW DAYS.

6. AFTER REVIEWING TFC EFFORGS TO ENCOURAGE MORE MANUFACTURED IMPOETS, NISHIYAMA REQUESTED THE COOPERATION OF THE TRADING COMPANIES--WITH THEIR EXTENSIVE OVERSEAS NETWORKS--IN UTILIZING THEIR RESOURCES TO IDENTIFY AND IMPORT MORE OF SUCH PRODUCTS.

7. ASKED TO COMMENT, E/C MIN POINTED OUT THAT HE CONSIDERED HE WAS PRESENT BECAUSE THE U.S. IS THE LARGEST SUPPLIER OF IMPORTS TO JAPAN AND THAT IN A SENSE HE WAS SPEAKING FOR ALL THOSE INTERESTED IN EXPORTING MANUFACTURES TO THE VAST JAPANESE MARKET. HE WAS HAPPY THAT NISHIYAMA HAD OUTLINED THE MANY COOPERATIVE EFFORTS NOW UNDER WAY, AND THE PURPOSE OF CONVENING THIS MEETING "AROUND THIS BIG TABLE" WAS TO INSURE A CLEAR RECOGNITION OF THE NECESSITY FOR ALL ELEMENTS OF GOVERNMENT AND INDUSTRY TO WORK TOGETHER.

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E/C MIN SAID WE DO NOT CONSIDER JAPAN A "PUSH-BUTTON
ECONOMY," WHERE MITI CAN PUSH BUTTONS TO FORCE PEOPLE
TO BUY WHAT THEY DO NOT WANT TO BUY. BUT WE APPRECIATE
THE NEW GOJ POINT OF VIEW SO THAT JAPANESE CONSUMERS
WILL KNOW THAT GOJ OFFICIALLY WELCOMES IMPORTS AND
APPROVES THEIR BUYING THE BEST PRODUCTS AVAILABLE
REGARDLESS OF ORIGIN. HE PLEDGED THE U.S. GOVERNMENT'S
ACTIVE SUPPORT TO BOTH JAPANESE AND U.S. COMPANIES IN
THIS EFFORT.

8. THE REMAINDER OF THE SESSION WAS GIVEN OVER TO
COMMENTS BY THE TRADING COMPANY EXECUTIVES. TWO COMMON
THEMES EMERGED FROM THE SIX OF THE NINE EXECUTIVES WHO
SPOKE.

9. FIRST, THE TRADING COMPANIES MAINTAINED THAT THEY
HAVE MADE CONSIDERABLE EFFORT TO IMPORT MANUFACTURERS.
BUT THEY HAVE FOUND A "WOEFUL LACK OF INTEREST" ON THE
PART OF U.S. COMPANIES IN SELLING OVERSEAS, OR IN
ADAPTING THEIR PRODUCTS SO THAT THEY CAN BETTER DO SO.
ONE EXCEPTION TO THIS THEME WAS THE MITSUI CHAIRMAN
(HASHIMOTO), WHO ADMITTED THAT THE LARGE TRADING
COMPANIES HAVE "NOT PUT MUCH EMPHASIS ON PRODUCT IMPORTS,"
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AND SUGGESTED THAT THEY MIGHT HAVE TO ESTABLISH

SPECIAL UNITS FOR THIS PURPOSE.

10. THE SECOND THEME WAS THAT THE MOST IMPORTANT FACTORS AFFECTING MANUFACTURED IMPORTS WERE THE STATE OF THE ECONOMY AND THE APPRECIATION OF THE YEN. IT TAKES TIME, HOWEVER, FOR THE EFFECTS OF A REFLATED ECONOMY AND A STRONGER YEN TO BE REFLECTED IN INCREASED IMPORTS, AND BOTH THE U.S. AND THE EC "MUST BE PATIENT."

11. IMMEDIATELY FOLLOWING THE MEETING, HANAOKA AND BUTTON HELD A PRESS CONFERENCE WITH ELEVEN U.S. MEDIA REPRESENTATIVES, WITH HANAOKA EMPHASIZING THE SUGGESTION REGARDING ESTABLISHMENT OF SPECIAL UNITS (WHICH HE TERMED "SUBSIDIARIES") TO CONCENTRATE ON IMPORTS. IN RESPONSE TO A QUERY AS TO WHETHER FURTHER MEETINGS WOULD BE HELD WITH THESE EXECUTIVES, HE INDICATED THAT NONE WAS PLANNED AT THIS TIME. INSTEAD, NOW THAT THE GOJ POLICY HAD BEEN GENERALLY ANNOUNCED, MITI WOULD EXPECT TO HOLD MORE DETAILED DISCUSSIONS WITH OPERATING OFFICIALS OF THE LARGE TRADING COMPANIES.

12. COMMENT: OBVIOUSLY NEITHER MITI NOR THE TRADING COMPANIES WERE PREPARED TO SAY THEY HAD NOT PREVIOUSLY WELCOMED IMPORTS. HOWEVER WE FEEL CLEAR STATEMENT FROM GOJ WILL HELP PROCUREMENT OFFICERS TAKE A MORE OPEN ATTITUDE IMPORTS AND MAY STIMULATE TRADING COMPANIES TO SOME INNOVATIVE APPROACHES.
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